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REMARKS

Applicant respectfully requests favorable reconsideration of this application, as amended.

Claim 1 has been amended to improve the form of the claim. Claims 6 and 7 have been amended to depend from claim 1 and to improve their form. Applicants reserve the right to pursue the subject matter of claims 6 and 7, as those claims existed prior to the present Amendment, in one or more continuation applications. Claims 1-20 are pending.

Claims 1-20 are rejected under 35 U.S.C. § 102(b) as being anticipated by U.S. Patent 5,819,238 to Fernholz (Fernholz). Applicants respectfully traverse the examiner's rejection for the reasons set forth below.

Fernholz teaches the management of an index fund and the generation of trade orders for management of the fund with respect to automatic processes (Column 7 lines 15-30). At column 9-12, lines 5-65, Fernholz teaches some of the intricate trading avenues through which the trades are placed in order to rebalance the index fund or to purchase securities in order to consume excess cash balances. At column 20, lines 50-60, Fernholz teaches the generation of a trade order file.

Fernholz further reaches various initialization processes and triggering mechanisms for trade executions. Pre-determined index information is utilized in these procedures (Column 17, lines 45-65 and column 18, lines 5-65). At column 1, lines 50-65, Fernholz describes a predetermined index of securities and how each security in the index possesses a variable weighting within that index. Managed index funds attempt to match the investment results of an index as a whole but do so in different ways. At column 19-20, lines 5-65 and column 20-21, lines 5-56, Fernholz

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teaches some checks and balancing techniques for a managed index fund as well as the generation of some file information necessary for balancing an index fund.

Concerning the presently pending claims, independent claim 1 of the present application recites an investment system comprising an investment vehicle that enables an investor to selective buy and sell interests in each of a plurality of different individual securities traded on at least one financial market. Claim 1 further recites that for each of the plurality of individual securities, interests in a security that are bought or sold by the investor can correspond to a selected fractionalized market unit of the security.

Independent claim 2 recites an investment vehicle for enabling a plurality of investors to selectively buy and sell interests in each of a plurality of different individual securities traded on at least one financial market, comprising a plurality of accounts for which the plurality of investors can buy and sell the interests in the plurality of securities wherein each of the accounts corresponds to at least one of the plurality of investors. Claim 2 further recites that for each of the plurality of individual securities, interests in the security which are bought or sold by the at least one investor can correspond to a selected fractionalized market unit of the security.

Support for the term "fractionalized market unit" of a security can be found, for example, at page 2, line 21 through page 3, line 5 of Applicants' specification as originally filed. In particular, that term as used herein refers to a fraction of a security's market unit or a positive whole number multiple (i.e., 1x, 2x, 3x, etc.) plus a fraction of the security's market unit. For example, in the case of a stock, a fractionalized market unit is either a fraction of a share (e.g., 0.3 shares, 0.8 shares, etc.) or a positive whole number multiple plus a fraction of a share (e.g., 1.3 shares, 2.8 shares, etc.).

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Concerning Fernholz, Applicants submit that the reference neither teaches nor suggests an investment system or vehicle as recited in claims 1 and 2, respectively. For example, nowhere does Fernholz teach or suggest that interests in a security can correspond to a selected fractionalized market unit of the security as claimed. Indeed, Fernholz appears to be completely silent in this regard. Accordingly, Applicants respectfully request that the Examiner withdraw the rejection of claims 1 and 2 as being anticipated by Fernholz.

Independent claim 3 recites an investment vehicle comprising a plurality of accounts for which a plurality of investors can transmit orders to buy and sell interests in a plurality of securities, wherein each of the accounts corresponds to at least one of the plurality of investors. Claim 3 further recites that each of the investors is charged a fixed commission for each order that is accepted and acted upon by the investment vehicle on behalf of the investor, and that the commission is determined irrespective of the number of different securities that are involved with the order, the number of shares of each security involved in the order, the value of the investor's portfolio, and the fact that the order may include requests to both buy and sell interests in securities.

Concerning Fernholz, Applicants submit that the reference neither teaches nor suggests an investment vehicle as recited in claim 3. For example, nowhere does Fernholz teach or suggest charging an investor a fixed commission, which is determined irrespective of the number of different securities that are involved with the order, the number of shares of each security involved in the order, the value of the investor's portfolio, and the fact that the order may include requests to both buy and sell interests in securities as claimed. Again, Fernholz appears to be completely silent in this regard. Accordingly, Applicants respectfully request that the Examiner withdraw the rejection of claim 3 as being anticipated by Fernholz.

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Independent claim 4 recites an investment vehicle comprising a plurality of accounts for which a plurality of investors can buy and sell interests in a plurality of securities, wherein each of the accounts corresponds to at least one of the plurality of investors and wherein the investment vehicle enables the investors to organize holdings in the corresponding accounts into one or more groups and subgroups.

Claim 4 further recites that for each account, the corresponding investor can specify an allocation factor for each security, for each group and for each sub-group included in the account, and that the allocation factor for a group specifies a percentage of a total amount to be used to purchase interests in securities for the account in which the group is located, the allocation factor for a sub-group specifies a percentage of a total amount to be used to purchase interests in securities for the group in which the sub-group is located, and the allocation factor for a security specifies a percentage of a total amount to be used to purchase interests in securities for the group or sub-group in which the security is located, or if the security is not in a group or sub-group, a percentage of the total amount to be used to purchase interests in securities for the account in which the security is located.

Concerning Fernholz, Applicants submit that the reference is completely silent as to any mechanism for enabling an investor to specify allocation factors for groups and sub-groups of securities within an account. Indeed, Fernholz fails to even teach or suggest any organizational structure for security holdings in an investor's account that includes groups or subgroups as recited in claim 4. Accordingly, Applicants respectfully request that the Examiner withdraw the rejection of claim 4 as being anticipated by Fernholz.

Independent claim 5 recites an investment vehicle comprising a plurality of accounts for which a plurality of investors can buy and sell the interests in a plurality

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of securities, wherein each of the accounts corresponds to at least one of the plurality of investors. Claim 5 further recites that for each account, the corresponding investor or investors can organize holdings in the account in a hierarchical nature and that the investor is provided with a visual representation of the account showing the hierarchical nature.

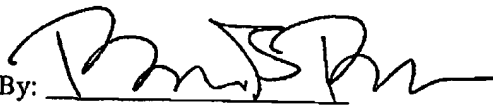
Concerning Fernholz, once again the reference is completely silent as to the features of claim 5. In particular, nowhere does Fernholz teach or suggest that an investor can organize his or her holdings in an account in a hierarchical nature or that the investor is provided with any type of visual representation of the account showing that hierarchical nature. Accordingly, Applicants respectfully request that the Examiner withdraw the rejection of claim 5 as being anticipated by Fernholz.

As indicated above, claims 6 and 7 have been amended to depend from claim 1 and, therefore, include all of the elements and limitations of claim 1. Claims 8-20 depend from respective ones of independent claims 2-5 and, therefore, include all of the elements and limitations of their respective base claims. Accordingly, Applicants respectfully request that the Examiner withdraw the rejection of claims 6-20 as being anticipated by Fernholz for at least the reasons set forth above with regard to their respective independent claims.

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In view of the above amendments and discussion it is believed that the application is now in condition for allowance. An early and favorable action is respectfully solicited.

Respectfully submitted,

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